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SOURCES OF MARKET NEWS

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Market news is distributed through seven different channels. Each of these channels is of itself distinct, although all are inter-related in aims, methods, sources of information and other ways. Moreover, although some firms employ all of these seven channels, yet many able investors depend on only one of them. These various sources may be enumerated as follows: 1. Electric News Tickers. 2. Printed News Bulletins. 3. Card Systems. 4. Daily Papers. 5. Weekly and Monthly Periodicals. 6. Annual Manuals. 7. Miscellaneous Mediums.

The following is a brief description of each of these sources:

News Tickers

These are in operation in New York, Boston, Philadelphia, Baltimore, Washington, Cleveland, Chicago, Cincinnati, Buffalo and St. Louis, and also in one or two cities abroad.

The prices of this service range from \$30 to \$40 per month and all are operated by one syndicate represented by Mr. C. B. Strecker, excepting a competitive service in New York operated by the same interests that control the *Wall Street Journal*.

These news tickers are in the offices of most of the leading stock brokers, and all are operated by electricity through one keyboard in a central office in each of the above-mentioned cities. There is also a close working agreement between Mr. Strecker and the Western Union Telegraph Company. The mechanism for these tickers is practically the same as that of the ordinary stock quotation tickers, excepting that the news tickers require a much wider paper and are much more flexible as to type and sentences. Although it takes some time to print a word, letter by letter, yet theoretically these news tickers represent the quickest form of news distribution.

The Bulletin Service

There are five of these services in operation as follows: Two in New York City at a price of \$40 and \$30 per month, respectively; two in Boston at a monthly price of \$50 and \$30, respectively, and one in Philadelphia at a price of \$30 per month. Three of these, one in each of the cities, are supposed to be under the control of Mr. C. W. Barron, of Boston; while the other two, New York and Boston, are believed to be under the control of Mr. Strecker's syndicate. The bulletins for a given city are printed at a central office on slips measuring about ten inches by five inches, which are distributed to subscribers about every thirty minutes between 9 a.m. and 3 p.m.

These bulletins give much more information than the news tickers; but, of course, the service is not as rapid. Not only is more time required to set up the type and print the bulletins, but their distribution by boys consumes considerable time. Nevertheless, these bulletins are very valuable and complete, and much credit is due to Mr. C. W. Barron for the remarkable development of the service, which is now almost universally used by the leading stock exchange firms, bond houses and banks. Outside of the three cities above mentioned, there is absolutely no city in the world having a similar service, although "Reuters" claim to have a service abroad modeled somewhat upon the same plan, but on a much smaller and less expensive scale. In short, I understand the whole field, both as to news tickers and bulletins, is controlled by Mr. Barron and Mr. Strecker and their associates, although the keenest rivalry is said to exist between these two men.

Card Systems

Following the news tickers and bulletins in importance, come the card systems, and in this respect the field is divided between the Babson System, Inc.—the older of the two—and the Standard Statistics Bureau of New York. The Babson System has two services, one on stocks and one on bonds, while the other company makes a specialty of stocks. The price of each of the card systems on stocks is \$5 per month, and the Babson System makes an additional charge of only \$5 for its auxiliary service on bonds.¹ Although 5 by 8-inch cards are used with each of these systems, yet

¹ Dealers may have these bond cards supplemented by a special list of offerings showing who owns and has for sale the various securities, and also who is desirous of purchasing them, giving prices, amounts, etc.

there is a marked difference between the two systems, each having its advantages and disadvantages, viz.:

(a) The Standard Statistics Bureau of New York covers only the more active listed stocks; but delivers the cards by messenger. The Babson System mails its cards; but covers a larger number of companies and usually gives much more information relative to these companies.

(b) The Standard Statistics Bureau makes all corrections and additions on its cards, which is very convenient; but this method often causes a delay in the printing and distribution of dividend news, earnings, etc. The Babson System has part of its information on cards, but the very latest news of dividends, earnings, etc., appears on a daily sheet which is printed and mailed immediately after the stock exchange closes each day, and is in the broker's office by 9 o'clock the following morning.

(c) The cards of the Standard Statistics Bureau stand on the narrow 5-inch end; while the Babson System places the cards on the broad 8-inch side.

Moreover, as the two services are strictly competitive and continually striving with each other to give the most news possible, and to deliver this news in the quickest possible time and in the most convenient form, the leading stock exchange firms, bond dealers and banks subscribe to both services. Not only is this due to the fact that the total price of both card systems is very slight, only \$10 a month on stocks or \$15 a month with the auxiliary service on bonds, compared with the cost of news tickers and bulletins, but one service serves as a check upon the other.

Both of these card services have several distinct advantages over any other form of distributing and filing news. Not only is the news distributed fairly quickly through these services, but all of the news is automatically and alphabetically filed, ready for instant reference a day or a year hence. With the bulletins several subjects are treated on the same sheet, and the sheets are so many that at the end of the day they are usually thrown in the waste basket; but by having the news relating to each company treated on a separate card, and only the important news sent out, it is possible to retain all cards. If at any time one card supplements another, notice is given to throw away the card which becomes obsolete and replace it by the new card. Therefore, not only are these

card systems used by those whose business does not warrant the expensive news tickers or the bulletin service, but owing to their value as permanent files, both of the competitive card systems, including the auxiliary service on bonds, are used by most of the leading firms as supplemental to the news ticker and bulletin sheets.

Daily Papers

Daily papers may be divided into two classes: (a) those strictly financial, like the *Boston News Bureau* (\$12 per year), the *Wall Street Journal* (\$10 per year), the *Wall Street Summary* (\$8 per year) and others which might be mentioned.

(b) Leading news dailies having able financial writers, such as the *Boston Herald*, \$13 per year; the *Boston Transcript*, \$9 per year; the *New York Evening Post*, and many others which might be mentioned, such as the *New York Journal of Commerce*, \$12, etc.

Weekly and Monthly Papers

The leading weekly paper without doubt is the *Commercial and Financial Chronicle* (\$10 per year), which may be found in almost every banker's or broker's office. The *Chronicle*, together with its supplements, probably gives more for its money than any other weekly publication, financial or otherwise, with which the writer is acquainted. In addition to the *Chronicle*, however, there are many other good weekly papers which might be mentioned, and among them the following are of interest:

Banker and Tradesman (\$5), Review and Record Company, 127 Federal Street, Boston. Weekly.

Boston Commercial (\$2), 246 Washington Street, Boston. Weekly.

Commercial and Financial Chronicle (\$10), corner of Pine and Front Streets, New York. Weekly.

Economist (\$5), Economist Publishing Company, 189 La Salle Street, Chicago. Weekly.

Electric World (\$3), McGraw Publishing Company, 239 West 39th Street, New York. Weekly.

Electric Railway Journal (\$3), McGraw Publishing Company, 239 West 39th Street, New York. Weekly.

Engineering and Mining Journal (\$5), 505 Pearl Street, New York. Weekly.

Finance (\$5), Finance Publishing Company, 316-318 Caxton Building, Cleveland, Ohio. Weekly.

Financial World (\$4), Guenther Publishing Company, 18 Broadway, New York. Weekly.

Iron Age (\$5), David Williams Company, 14-16 Park Place, New York. Weekly.

Manufacturers' Record (\$4), Manufacturers' Record Publishing Company, Baltimore. Weekly.

Money (\$5), Finance Company, 711-718 Ferguson Building, Pittsburg, Weekly.

Moody's Magazine (\$3), 35 Nassau Street, New York. Monthly.

New York Mining Age (\$2), 27 William Street, New York.

Progressive Age (\$3), Progressive Age Publishing Company, 280 Broadway, New York. Bi-monthly.

Railway Age Gazette (\$5), Railroad Gazette Publishing Company, 83 Fulton Street, New York. Weekly.

Railway World (\$4), 822 Witherspoon Building, Philadelphia. Weekly.

Review of Reviews (\$3), Review of Reviews Company, 13 Astor Place, New York. Monthly.

United States Investor (\$5), Frank P. Bennett & Co., Atlantic Avenue, Boston. Weekly.

World's Work (The) (\$3), Doubleday, Page & Co., 133-137 East 16th Street, New York. Monthly.

Stock Exchange Gazette (\$7.50), England. Weekly.

Stock Exchange Weekly Official Intelligence (\$15), England. Weekly.

Monde Financier (\$5). Weekly.

Pour et Le Contre (\$4.50). Weekly.

Semaine Financière (\$5). Weekly.

Allgemeine Börsen-Zeitung, Germany. Weekly.

Börsen Revue, Germany. Weekly.

Börsen Statistik, Germany. Weekly.

Financier (De) (Pik), Holland. Weekly.

Among the monthly periodicals there are many, and one of the most interesting is a new publication emanating from New York known as the *Ticker*. Although this magazine is different from anything of the kind which has ever been published—and for this reason certain people do not like it—yet it is no doubt one of the most useful and practical magazines ever published for speculators and such investors as buy and sell stocks for a profit. It not only contains many instructive and interesting articles on the general subject of speculation and investment, but also contains an investment digest giving the latest news relative to leading corporations.

There are also a number of general news magazines, such as the *World's Work*, *Success*, *Saturday Evening Post* and others which might be mentioned containing from time to time very inter-

esting financial articles. Great changes have taken place in the policy of such publications during the last five years, and the public is being educated and kept informed as to financial matters in a very much more thorough manner than ever before in the history of this country.

Annual Manuals

The three leading manuals are *Moody's*, at \$12 per year; *Poor's*, at \$15 per year, and the *Manual of Statistics*, at \$5 per year. As the cost is so slight, and the competition so keen among these publications, every stock exchange firm, bond dealer and bank should have all three publications each year. Firms and individuals, however, feeling that they can afford only one, I believe, usually subscribe to the Moody service for two reasons: (1) The Moody service endeavors to cover railroad, public utility and industrial corporations and their securities with equal thoroughness. (2) The Moody service has a monthly cumulative supplement, which is intended to keep the main book or manual up to date throughout the year.

However, I believe all of those publications are ably managed and are worthy of the support of all. Moreover, probably each contains some information not contained in either of the others, so that every broker, bond dealer and bank should subscribe to them all—one serving as a supplement or check upon the others. All of these manuals are published in New York, where they may be addressed as per the name of the books.

Miscellaneous

Although there are certain services which I have not mentioned in this article which are perfectly legitimate, and in their way valuable, yet under this heading I wish to mention another class. I especially have reference to the services of tipsters (which are advertised occasionally in the personal columns of certain daily papers, especially in the Sunday editions), and also the cheap market letters issued by bucket shops and irresponsible brokers.

The above is a concise, general description of the seven sources of market news, so far as the public is concerned, although I doubtless have omitted to mention many worthy services and publica-

tions. No description, however, can be complete without also referring to the various sources on which the various publishers are dependent for the material from which the above seven news channels are supplied. These sources may also be subdivided into seven divisions, viz.: (1) Original Documents. (2) Official Statements and Reports. (3) Analyses and Investigations. (4) Bonafide Rumors. (5) Advertisements and "Write-ups." (6) Manufactured Gossip. (7) Miscellaneous.

Original Documents

By these I refer to original documents, reorganization plans and other such papers. All properly prepared descriptions of properties and especially bond descriptions should be compiled only after a careful study of the original documents or similar papers.

There is a tendency among brokers and bond dealers to copy one circular from another and, after this process has gone on for some time the fourth or fifth revision is considerably different from the original document, even when each dealer has been perfectly honest in his work. For while direct misstatements are very seldom made, yet there is sometimes a temptation to omit certain unfavorable features which should be mentioned.

Official Reports

Before a dividend is declared or rights determined upon, many rumors are afloat relative to what action a board of directors is to take relative to such matters. Nothing is known with certainty, however, until the treasurer issues a public official statement, which is given to the press immediately at the close of the meeting of the board, and a few days later is printed in leading newspapers and mailed to all stockholders. Therefore, investors should depend only upon these official statements.

When earnings are compared and analyzed, investors should also make sure that such analyses are based only upon sworn statements of the company officials and that all estimates are especially avoided. Reports filed with the Interstate Commerce Commission, as well as those appearing in the standard manuals such as Moody's and Poor's, are usually of this class, and, therefore, can be depended upon. Moreover, the information distributed through the card systems previously mentioned is usually of this character, as well as crop and other government reports.

Investigations

Although this source of news cannot be depended upon with the same certainty as the first two classes mentioned, an honest and impartial investigation always possesses much merit and is well worth careful study. The *Wall Street Journal* in years past has contained many comparisons and analyses of marked value, and the writer's "Railroad Analyses," which appear in the latest edition of *Moody's Manual*, come under this heading, including as they do his personal opinions.

When reading such analyses and investigations, however, the investor must be able to differentiate between honest analyses and advertising "write-ups," mentioned in the following paragraphs. An honest and impartial comparison of two properties is made for the purpose of aiding the reader to obtain a correct idea of the intrinsic value of one or more securities. The purpose of the "write-up," however, is usually distinctly the opposite; namely, to mislead the reader and give him a wrong idea as to the merits of a security.

Bonafide Rumors

Another source of news which deserves consideration is the publication of bonafide rumors. If a publisher of market news should always wait until such news is sufficiently authorized before mentioning it in his publication, such publication would be of limited use. A publisher is justified in publishing not only official statements, but also certain rumors, provided they are bonafide rumors.

If it is truly current gossip that certain interests are negotiating for the control of a certain property, it is the business of a financial publisher to mention such a rumor, in order to give his readers the benefit of all advance information which it is possible to obtain. On the other hand, such "information" should be given purely as a rumor, and the publisher should make clear that it cannot be confirmed, and that it may have been issued simply to affect the market price of the stock.

Write-ups

All of the above four methods of news are legitimate; but I do not believe that most "write-ups," appearing as editorials and

news items, are legitimate. Of course, some publishers claim that there is no difference between an investigation and a "write-up"; but to me there is a great difference. In the former case the writer has no personal axe to grind; but, believing that he has some valuable information about some property of distinct interest to his subscribers, he prints the results of his study simply to increase the intrinsic value of his publication.

"Write-ups," however, are given by publishers in exchange for money or for "calls" upon certain stock or for advertising or other purposes.

Unfortunately, considerable of this work is common, and the following statement by one publisher is probably true, viz.: "Well, if we didn't do it, the public would be obliged to pay us four times as much for our paper as they do now." Granting, however, that there are many men who would rather pay a small price and be fooled as to news than to pay a large price for a reliable publication, yet right is right and I believe that all "write-ups" should be eliminated and the subscription prices adjusted accordingly.

Manufactured Rumors

Of all the illegitimate work of a financial editor, the very worst is the knowing publication of absolute lies for their effect upon the stock market; and, however guilty certain publishers may be for circulating purchased "write-ups," yet I believe very few are guilty of intentionally publishing what they know to be out-and-out lies. In fact, I believe that our well-known publishers use every effort to eliminate such matter from their work.

However, notwithstanding their diligence, many manufactured rumors persistently appear in print and cause considerable loss either to buyers or sellers. Usually the larger and cheaper the publication, the more difficult it is to keep out such matter.

Miscellaneous Sources

Under this heading may be included various cheap market letters and newspaper advertisements, especially such free advice as floats about most board rooms and brokers' offices. Advertisements of these miscellaneous organs may be found in Sunday papers and should always be avoided.

Of the sources of such news, the writer can state only that

there is usually no source for it at all, it being entirely manufactured under the direction of the person by whom it is distributed. In fact, it is said that many tipsters advise one-half of their clients to buy a certain stock and the other half to sell it on the same day. I recommend that all such tips should be avoided as one would avoid smallpox, firmly believing that it is impossible for one to know how the market will act to-morrow or next week or even next month. Long swings may be forecasted by a study of fundamental statistics; but one stands a much better chance to make money at roulette or dice than by playing for a one per cent. profit on the daily movement of any stock.

Conclusion

How to distinguish between facts and "write-ups" or between legitimate rumors and manufactured tips, it is hard to explain as in a way every one is dependent upon his own intuition. On the other hand, to be able to distinguish is very important in all instances, and absolutely necessary for those who do not subscribe to the highest class of news services. Of course, both the honesty and the accuracy of every publication are generally known, and such reputation is common property which any one may learn by careful inquiry.

To give any rule for those who will not take pains to inquire closely is very difficult. It is, however, well to keep in mind that purchasing information is about the same as purchasing any commodity, and one cannot obtain more than one hundred cents for one dollar. In other words, low-priced publications usually depend upon some other source than their subscriptions for their income, and are, therefore, more influenced by advertising and other considerations than publications which solicit no advertising, either for themselves or other publications. Of course, there are exceptions to this rule; but it is safe to say that the more expensive publications and services are usually the most reliable, and certainly they are less likely to take advantage of their subscribers if upon them they are absolutely dependent for their existence.